

**NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
GULF OF ALASKA GROUND FISH RATIONALIZATION
ALTERNATIVES, ELEMENTS AND OPTIONS
MARCH 26, 2003**

ALTERNATIVE 1. STATUS QUO (NO ACTION ALTERNATIVE)

ALTERNATIVE 2. QUOTA-HARVEST SHARE ~~BASED~~ PROGRAM,

Staff recommends substituting Harvest Share for Quota Share throughout the suite of alternatives. Harvest shares could be implemented under either a quota share program or as harvest history in a cooperative.

SUBALTERNATIVE 1. HARVESTER ONLY QS-SHARE PROGRAM

- The three following elements have been decided.

Management Areas :

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas
EGOA Pacific cod is exempted

- Clarify whether West Yakutat area Pacific cod is intended to be included under the above exemption.

SEO is exempt except for bycatch and sideboard issues

- \$ Clarify the “bycatch” issues in SEO. (Would there be limits on vessels fishing in SEO? amount of harvests?) Staff will assume the LLP requirements still apply in Federal waters. State staff will be asked to address how these actions would be coordinated since most waters in SEO are within 3 miles. Would SEO bycatch issues be addressed under Element 4?
- \$ Would SEO outside sideboard issues be addressed under Element 12?

 Gear: Applies to all gear except jig gear

Element 1. Qualifying periods (same for all gears in all areas)

(Option: AFA vessels assessed as a group)

Option 1. 95-01 (drop 1 or 2)

Option 2. 98-01 (drop 1)

Suboption: 98-02 (drop 1)

Option 3. 95-2002 (drop 1 or 2)

Option 4. 95-97 (for AFA vessels)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

- Clarify whether the suboption would be one of the 1 or 2 years dropped.

Element 2. Qualifying landing criteria

Total pounds landed will be used as a denominator to determine catch history allocations.

~~For underutilized species, the combined total of all pounds landed during the qualifying years will be compared with the total TAC for the qualifying years to determine the percent of the fishery utilized. During each successive year the percent of the fishery utilized is applied to the total~~

~~TAC with the resulting sum apportioned among qualifying vessels. The remaining TAC is available for an open access fishery.~~

- ~~• Move qualifying landing criteria for underutilized species to Element 6.~~

**Issue 1. Landings based on retained catch for all species (includes WPR for C/P sector)

Option 1. catch history determined based on a percentage of retained catch per year

- Includes meal
- Does not include meal
- For flatfish species, have staff prepare a qualitative analysis of the amount of flatfish which went to meal during the qualifying period.
- Allow C/P vessels which did not produce meal to have their catch history increased by a specified amount.

Option 2. catch history determined based on the poundage of retained catch

- Includes meal
- Does not include meal
- For flatfish species, have staff prepare a qualitative analysis of the amount of flatfish which went to meal during the qualifying period.
- Allow C/P vessels which did not produce meal to have their catch history increased by a specified amount.

• Issue 1 presents an opportunity for the Council to greatly reduce the time, cost, and redundancy of information in the development of the analysis by a factor of 4 by narrowing the analysis to either percentage or pounds and do/do not include meal in the qualifying landings criteria for all species. Tables will be reduced from (4X16 target species) 64 to 16. This savings should be multiplied across ALL options. Additional analysis will be presented to the Council in June for this decision.

Issue 2. Eligibility to receive catch history:

~~Option 1. Vessel Owner with a federal permit (must meet same standard for being eligible to hold a LLP as in crab language) Any person that holds a valid, permanent, fully transferable LLP license.~~

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of QS to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

~~Original Language in GOA Rationalization motion: QS allocation only to the vessel with legal landings in a federally managed fishery, with only those landings made by a vessel owner possessing either a permanent moratorium or fully transferable LLP onboard considered as legal.~~

- ~~vessel owner at time of landing~~
- ~~current vessel owner~~

- ~~iii. Lease holder at time of landing—A person who owns a vessel cannot be a QS recipient for that vessel during the duration of the lease. Evidence of the lease must be provided as described in CFR 679.40(a)(3)(C)(iii) Evidence of a vessel lease in the IFQ program.~~

Option 2. QS allocation to a person with legal landings in a federally managed groundfish fishery

- i. vessel owner at time of landing
- ~~ii. current vessel owner~~
- ~~iii. Lease holder at time of landing—A person who owns a vessel cannot be a QS recipient for that vessel during the duration of the lease. Evidence of the lease must be provided as described in CFR 679.40(a)(3)(C)(iii) Evidence of a vessel lease in the IFQ program~~

- Is the intent of Option 2 to undo the LLP and allow non-federally permitted landings (i.e., State water parallel fisheries landings) to count toward share allocations, thereby diluting the shares of LLP holders? If so, this option should more explicitly identify the action. Suboption ii and iii would greatly complicate the analysis because vessel ownership or would need to be divined leaseholdings for individual historical landing records.

Staff suggests replacing the options for this element with language modeled after the crab rationalization preferred alternative (as listed above).

Element 3. Target Species Rationalization Plan.

Target Species by Gear

Issue 1: Initial Allocation of catch history

Option 1: Allocate catch history by sector and gear type

Option 2: Allocate catch history on an individual basis

- a. Trawl CV and CP:
pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch
Pelagic shelf rockfish
- b. Longline CV and CP:
Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder
- a. Pot CV and CP:
Pacific Cod

Issue 2. QS/IFQ Designations

Option 1. Vessel categories

Suboption 1. No Categories

Suboption 2. Vessel Categories as follows

Vessels < 60'

Vessels >= 60' and < 125'

Vessels >= 125'

Option 2. QS Sector designations:

- Suboption 1. No designation of QS/IFQ as CV or CP
- Suboption 2. Designate QS/IFQ as CV or CP. CV QS/IFQ conveys a privilege to harvest a specified amount. CP QS/IFQ conveys the privilege to harvest and process a specified amount. Designation will be based on:
 - a. Actual amount of catch harvested and processed onboard a vessel by species.
 - b. All catch in a given year if any was legally processed onboard the vessel by species.

Option 3. QS Gear designations

- Suboption 1. No gear designation
- Suboption 2. Designate QS as either Longline, Pot, or Trawl
- Suboption 3. Longline and pot gear QS/IFQ may not be harvested using trawl gear.
- Suboption 4. Pot gear QS/IFQ may not be harvested using longline gear

Issue 3. Transferability and Restrictions on Ownership of QS/IFQs

Option 1. Persons eligible to receive QS by transfer must be (not mutually exclusive):

- Suboption 1. US citizens who have had at least 150 days of sea time
- Suboption 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time
- Suboption 3. Initial recipients of harvesting-CV or C/P quota-harvest share
- Suboption 4. US Citizens eligible to document a vessel.
- Suboption 5. Communities would be eligible to receive QS by transfer (see Element 9)

Option 2. Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:

- a. all CP shares
- b. trawl CP shares
- c. longline CP shares

- Assume the intent of Option 2 is to eventually eliminate CP shares (as initial issues leave the fishery); the processing privilege is eliminated when CP shares are converted to CV shares (they cannot be converted back to CV shares upon a second transfer).

Option 3. Vertical integration

QS initial recipients with more than 10% limited threshold ownership by ~~processing entities~~ any holder of processing shares or licenses are:

- Suboption 1. capped at initial allocation of CV shares
- Suboption 2. capped at 115% of initial allocation of CV shares
- Suboption 3. no CP share cap

- Is Suboption 3 a stand alone option? If so, this is contrary to the recommendation of the NRC report, "Sharing the Fish?" If not, should this moved to where CP issues are addressed? Or is it a typo (should read CV)?

- Option 4. Definition of sea time
Sea time in any of the U.S. commercial fisheries in a harvesting capacity.
- Option 5. Leasing of IFQs (“leasing of IFQs” is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as “hired skipper” requirement in halibut/sablefish program).

- Suboption 1. No leasing of CV IFQ (QS/IFQ holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Suboption 2. No leasing of CP IFQ (QS/IFQ holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Suboption 3. Allow leasing of CV IFQ, but only to individuals eligible to receive QS/IFQ by transfer.
- Suboption 4. Allow leasing of CP IFQ, but only to individuals eligible to receive QS/IFQ by transfer.
- Suboption 5. Sunset [CP – CV] IFQ leasing provisions [3 – 5 – 10] years after program implementation.

- Option 6. Separate and distinct QS Use (“ownership”) **Caps**
Vessel Use caps on IFQs harvested on any given vessel shall be set at two times the use cap for each species.
Caps apply to all harvesting QS categories by species with the following provisions:

- ~~Suboption~~ 1. Initial issues that exceed the use cap are grandfathered at their current level as of a control date; including transfers by contract entered into as of that date.
- ~~Suboption~~ 2. Apply individually and collectively to all QS holders in each sector and fishery using the 10% threshold rule;

• Suboption 2 appears to confuse two methods for calculating caps – delete one?

- a. individual and collective rule
b. 10 percent threshold rule

- ~~Suboption~~ 3. Percentage-caps by species are as follows (a different percentage cap may be chosen for each fishery):

~~±~~Option 1. Trawl CV and/or CP (can be different caps):

Use cap based at the following percentile of catch history for the following species: (i.e., 75th percentile represents the amount of QS that is greater than the amount of QS for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

- Suboption 1. 75 %
Suboption 2. 85%
Suboption 3. 95 %

~~±~~Option 2. Longline and Pot CV and/or CP (can be different caps) based on the following percentiles of catch history for the following species:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if **Greenland** turbot is targeted), northern rockfish

Suboption 1. 75 %

Suboption 2. 85%

Suboption 3. 95 %

- Clarify the significance of the turbot target; what happens if turbot is not the target?
- Data to do the computation in new Option 2 is not available. We can only do vessel basis calculations since we have no ownership information.

Option 7. Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued QS units.

Suboption 1. No owner on board restrictions.

Suboption 2. A portion (range of 5-X%) of the quota shares initially issued to fishers/harvesters would be designated as "owner on board."

- The analysis will provide the upper end of the range.

Suboption 3. All initial issuees (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.

Suboption 4. Shares transferred to initial issuees in the first 5 years of the program would be considered the same as shares initially issued (range of 5 –X% of the quota shares).

Suboption 5. "owner on board" shares transferred by initial issuees, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ/ITQ.

Suboption 6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years).

Option 8. Overage Provisions

- Overages and underage programs are problematic for TAC management and enforcement, particularly at the end of the season when many transfers (and pro-rated underages and overages) occur. Overage and underages balance out on an average year. Issuance of IFQs (pounds) often do exceed the TAC; but harvests are reported as percentage of TAC. However, the amount harvest exceeding the TAC may be within a margin of error that is deemed acceptable. These programs increase costs and decrease flexibility of QS programs and is a major impediment to year-round fisheries (to allow account balance reconciliations)

a. Trawl CV and CP:

Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year's IFQ. Underages up to 10% of total annual IFQs will be allowed with an increase in the subsequent year's IFQ.

_____ Suboption 2. Overages of target species up to 6 – 10 mt during the last trip will be allowed. Overages result in the reduction of the subsequent year's IFQ. Underages up to 10% of total annual IFQs will be allowed with an increase in the subsequent year's IFQ. Underages up to 6 – 10 mt of the last trip will be allowed with an increase in the subsequent year's IFQ.

Suboption. Overage provisions would not be applicable in fisheries where there is an open access fishery that has not been fully utilized for the year. (i.e., no overages would be ~~counted~~-charged if an IFQ holder goes over his/her IFQ when open access fisheries are still available).

b. Longline and pot CV and CP :

_____ Overages up to 10% of the last trip will be allowed with rollover provisions for underages— greater than a 10% overage results in forfeiture and civil penalties. An overage of less than 10% results in the reduction of the subsequent year's IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).

Suboption. Overages would not be applicable in fisheries where there is an open access fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if an IFQ holder goes over his/her IFQ when open access fisheries are still available).

• The above suboption appears to add IFQ participants to the open access fishery and potentially gives them motivation to race for fish even if they have IFQs

Option 9. Retention requirements for rockfish, sablefish and Atka mackerel:

Suboption 1. no retention requirements

Suboption 2. require retention (all species) until the IFQ for that species is taken with discards allowed for overages

Suboption 3. require 100% retention (all species) until the IFQ for that species is

Option 10. Limited processing

Suboption 1. No limited processing

Suboption 2. Limited processing of rockfish species by owners of CV QS is allowed consistent with limits set in the LLP program which allows up to 1 mt of round weight equivalent of groundfish to be processed per day on a vessel less than or equal to 60ft LOA.

• Clarify whether Option 10 affects only CVs? Does it refer to the allowable level of processing on inshore vessels (which would include CPs)?

Option 11. Processing Restrictions

Suboption 1. CPs may buy CV fish

a. 3 year sunset

Suboption 2. CPs would be prohibited from buying CV fish

a. 3 year sunset

Suboption 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and QS portion of flatfish) from CVs.

~~Suboption 4.~~ a. Exempt bycatch amounts of these species delivered with flatfish

Element 4. Allocation of Bycatch Species

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish

- Note that the above species are characterized as “bycatch” but flatfish are characterized as “underutilized”
- Includes SEO

Option 1. Allocation of shares

- Allocate QS-shares to all fishermen (including sablefish & Halibut QS fishermen) based on fleet bycatch rates by gear:
 - Suboption 1. based on average catch history by area and target fishery
 - Suboption 2. based on 75th percentile by area by target fishery
- Allocation ~~ion~~ of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
 - Suboption. Other rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

- Clarify how leaving some fisheries as open access is consistent with the problem statement

Option 2. Include these species for one gear type only (e.g., trawl). Deduct the bycatch from gear types from TAC. If deduction is not adequate to cover bycatch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

Option 3. Retain these species on bycatch status for all gear types with current MRAs.

Option 4. Allow trawl sablefish catch history to be issued as a new category of sablefish QS (“T” shares) by area. “T” shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.
Suboption. These shares may be used with either fixed gear or trawl gear.

Element 5. PSC Species

Issue 1. Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line and trawl vessels—

Option 1. Same as that under IFQ sablefish and halibut programs

- Does this mean that “vessels” are allocated pounds of halibut bycatch shares?

Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded

Option 3. Individual QS-share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded

Issue 2. Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (QS) based on their allocation of the directed fishery QS. Bycatch only species would receive no halibut allocation.

Option 1. Initial allocation based on average halibut bycatch by directed target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

- Suboption 1. By sector average bycatch rates by area by gear
 - a) Both sectors
 - b) Catcher processor/Catcher Vessel
- Suboption 2. "A/B" season split for Pacific cod fishery for 2001 and 2002
- Option 2. Initial allocation based on a range of 50 to 90% of the average halibut bycatch by directed target species during the qualifying years. The remaining QS would be allocated under the following option:
 - Suboption 1. Issue remaining QS (50% - 10%) to open access pool for underutilized species
 - Suboption 2. Issue remaining QS (50% - 10%) to groundfish QS holders on a pro-rata share of QS holdings
 - Suboption 3. Issue remaining QS (50% - 10%) back to directed halibut fishery

- Clarify intent for the need for an open access fishery beyond the level to accommodate those not entering a cooperative (would not need to allocate to those fisheries because non-cooperative harvesters could take their harvest share with them to the open access fishery or fish their own share)
- Clarify intent regarding allocation of 10-50% of halibut bycatch allowance to open access fishery? Identify eligible participants in the open access fisheries (LLP only; non-target participants who hold LLPs? State licensees?)
- In order to proceed with the analysis, staff would assume that NMFS must reserve sufficient PSC to allow attainment of open access fishery TACs.
- Would remainder of halibut PSC to share fisheries be adequate to cover their halibut bycatch?
- Would halibut PSC shares be allowed to be used in open access fisheries?
- Suboption 3 is necessary in case neither Suboption 1 nor 2 is selected as preferred.

Issue 3. Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality

Halibut PSC IFQ is separable from target groundfish QS and may be transferred independently. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

- Option 1. 5%
- Option 2. 7%
- Option 3. 10%
- Option 4. Exclude any halibut PSC transferred for participation in the open access fisheries

- Clarify intent of Option 4; it appears to allow an open access participant to buy shares to keep the open access fishery open longer.
- Would all open access participants be permitted to use that halibut quota. If not, "open access" is probably the wrong name for this

Issue 4. Permanent transfer of Halibut PSC QS mortality

- Option 1. Groundfish QS and Halibut PSC QS are non-separable and must be transferred as a unit
 - Suboption. exempt Pacific cod
- Option 2. Groundfish QS and Halibut PSC QS are separable and may be transferred separately

Issue 5. Retention of halibut bycatch by longline vessels

Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.

- Option 1. retention is limited to (range 10-20%) of target species
- Option 2. permit holder must have sufficient QS/IFQ to cover landing

Element 6. Underutilized species –includes species that do not reach the TAC but close due to halibut bycatch restraints and/or TAC is set below ABC:

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

- Assume “underutilized” species are those for which quotas are set but which are not listed for rationalization target species or “bycatch” species

Note that the above species are characterized as “underutilized” but thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish are characterized as “bycatch”

Owners of QS/IFQ shares must utilize all their IFQs-shares before participating in open access fishery in fisheries for which there is an open access fishery

Issue 1. Eligibility to fish in open access fisheries

Option 1. Any person with a valid LLP

- Clarify whether persons could also participate in the parallel fishery for these species without an LLP and would not necessarily be limited in the harvest of these species.

Option 2. Entities that have 20% or more U.S. ownership and at least 150 days of sea time with 10 mt of fixed gear QS or 50 mt of trawl QS

- Above text should read: “Entities that have a US citizen with at least 20 percent owner that has at least 150 days of sea time” (i.e., a US owner that meets the sea time requirement) - This provision is typically used for eligibility to purchase shares
- What is meant by 10 mt of fixed gear QS – does that mean 10 mt of qualified catch – the reference to mt of QS is confusing since the percent method could be used to allocated shares – under the percent method, people aren’t allocated pounds of QS – everything is in percent

Note - this would limit the allocation of underutilized species to those that receive allocations of other species, so this is less inclusive than the LLP standard in Option 1

- Clarify how an “entity” could have both a 20% ownership interest and sea time. Does this option seek to limit participation by individuals or define ownership interests?
- Replace these options with language modeled after crab rationalization preferred alternative (see Element 2, Issue 2.

Issue 1. Eligibility: Any person that holds a valid, permanent, fully transferable LLP license.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of QS to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

Issue 2. Allocation of underutilized species in open access fisheries

Option 1. Allocate catch share to the historical participants (closed class) of the underutilized species for the qualifying years. Available open access fishery quota is the available TAC for that fishing year minus the closed class fishery quota allocation as outlined below (open access fishery quota creates an incentive for fishermen to fish cleaner (either by gear conversion or reduction in halibut bycatch rates in other directed fisheries). If no halibut is allocated to the fishery through an open access set aside the only entry mechanism is halibut savings.)

Suboption 1. Allocate QS as a fixed allocation in metric tons. If available TAC is less than the total fixed allocation in metric tons then reduce participants' allocation pro-rata amongst closed class QS holders.

Suboption 2. Catch history is based on 125% of catch history. If available TAC is less than the allocation in metric tons then reduce participants' allocation pro-rata amongst closed class QS holders.

Suboption 3. For underutilized species, the combined total of all pounds landed during the qualifying years will be compared with the total TAC for the qualifying years to determine the percent of the fishery utilized. During each successive year the percent of the fishery utilized is applied to the total TAC with the resulting sum apportioned among qualifying vessels. The remaining TAC is available for an open access fishery.

~~Option 2. Unallocated Fishery. Open Access fishery quota creates an incentive for fishermen to fish cleaner (either by gear conversion or reduction in halibut bycatch rates in other directed fisheries). If no halibut is allocated to the fishery through an open access set aside the only entry mechanism is halibut savings. Available open access fishery quota is the available TAC for that fishing year minus the closed class fishery quota allocation as outlined in Option 1.~~

\$ Creating an underutilized open access fishery may be inconsistent with the problem statement (there is either a need to rationalize or there is not). Is there a need to rationalize only some species? then specify them.

\$ These flatfish fisheries could not be prosecuted without NMFS reserving halibut PSC and "target species" to accommodate bycatch in these underutilized fisheries. This would directly diminish the share pool. This could be a substantial amount, depending on the fishery. This would burden the agency with having to manage share fisheries and open access fisheries; finding the allocation balance of halibut PSC and target species will be very difficult. Would open access fishermen be allowed to use halibut or target shares in these fisheries?

• Clarify intent. There seems to be two different concepts addressed here – the underutilized fisheries have a portion of the TAC set aside for an open access fishery whose participants either:

- 1) work off a PSC set aside that they all share in a race for fish or
- 2) work off their own PSC that they bring to the fishery by purchasing shares or by fishing cleaner elsewhere

• Would those who are allocated shares be allowed to fish in the "open access" fishery?

- \$ The existing LLP would apply to open access fisheries. State staff should address whether potential measures taken by the State in the parallel fishery should also apply to underutilized open access fisheries
- \$ Clarify intent for basing the underutilized species allocation on the percentage of the TAC utilized; many of these fisheries are closed because of reaching bycatch levels, leaving a large share of the TAC unharvested . That does not appear to be addressed . How is bycatch allocated to accommodate the additional effort?
- \$ The TAC is set lower than the ABC for management reasons for some species (e.g., arrowtooth flounder). Clarify whether the allocation mechanism would be the same for these species?
- \$ Clarify the differences in Council intent for three different proposed schemes to allocate underutilized species to historical users (added here by the Council at the February 2003 Council meeting and Element 6. - Underutilized Species. Was the above intended to replace Element 6, Issue 2? Should these alternative mechanisms be combined into one section? Under which element?

Element 7. Entry level rockfish program

See comments regarding problem statement and open access fisheries under Element 6.

- Option 1. Allow entry level jig and < 60 ft longline harvests of Pelagic shelf rockfish
 - Suboption 1. include Pacific ocean perch
 - Suboption 2. a range of 3 to 15% of the TAC will be set aside to accommodate this fishery
 - Suboption. Defer decisions on remainder of program to a trailing amendment
 - Suboption 3. Catch of these vessels would be deducted from the following years TAC prior to distributing QS. After initial allocation, defer design of program to trailing amendment.
- Option 2. No entry level rockfish fishery for:
 - Suboption 1. Gulf wide
 - Suboption 2. Central Gulf including West Yakutat
 - Suboption 3. Western Gulf

Element 8. Skipper/Crew and Second Generation

A captain is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

- Option 1. No skipper and crew provisions
- Option 2. Allocate percentage to captain:
 - Suboption 1. Initial allocation of 3% shall be ~~awarded-reserved~~ to qualified captains
 - Suboption 2. Initial allocation of 10% shall be ~~awarded-reserved~~ to qualified captains
 - Suboption 3. Initial allocation of 20% shall be ~~awarded-reserved~~ to qualified captains

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

Element 9. Communities

- Staff assumes the following options apply only to GOA communities.
- Note MSA Definition is at 16 U.S.C 1802 Section 3, paragraph 16 :

The term 'fishing community' means a community which is substantially dependent on or substantially engaged in the harvest or processing of fishery resources to meet social and economic needs, and includes fishing vessel owners, operators, and crew and United States fish processors that are based in such community.

Option 1. Regionalization

Issue 1. Regional Areas

- Move language to clarify the following applies to both Central and Western Gulf areas:

If adopted, all processing share allocated to shorebased processors are categorized by region. Processing shares that are regionally designated cannot be reassigned to another region.

Catcher Vessel Harvest shares are regionalized based on where the catch was processed not where it was caught.

Catcher processor shares and underutilized species are not subject to regionalization

Central Gulf: Two regions are proposed, which would be used to classify harvesting and (if adopted) processing shares: North - South line at 58 degrees 51.10' (Cape Douglas corner for the Cook Inlet Bottom trawl ban area)
The following fisheries will be regionalized for shorebased catch:

Pollock in Area 630, CGOA flatfish (excludes Arrowtooth flounder), CGOA Pacific ocean perch, CGOA northern rockfish and pelagic shelf rockfish (combined), CGOA Pacific cod (inshore), GOA sablefish (trawl), WY pollock

Western Gulf: The following fisheries will be regionalized for shorebased catch:
Pacific cod in Area 610, pollock in Area 610, pollock in Area 620

~~If adopted, all processing share allocated to shorebased processors are categorized by region. Processing shares that are regionally designated cannot be reassigned to another region.~~

~~Catcher Vessel Harvest shares are regionalized based on where the catch was processed not where it was caught.~~

~~—Catcher processor shares and underutilized species are not subject to regionalization~~

- Option 1. Dutch Harbor (including Akutan)/Sand Point
- Option 2. Kodiak/Sand Point
- Option 3. Both

- Clarify the latitude/longitude for the above boundaries

Issue 2. Qualifying years for regionally ~~categorizing~~ shares

Option 1. 1999 - 2001

Option 2. consistent with preferred alternative under Element 2, Qualifying period

Option 3. 1995- 2002

? Clarify why the qualifying years would be different that harvester/processor years

Option 2. Community Fisheries Quota (CFQ)

Issue 1. Administrative Entity

Option 1. Gulf wide administrative entity

Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)

Option 3. Community level

Issue 2. Eligible Communities

~~Option 1. Population:~~

~~a. Less than 1,500 residents~~

~~b. Less than 2,500 residents~~

~~c. Less than 5,000 residents~~

~~d. Less than 7,500 residents~~

~~Option 2. Geography~~

~~a. Coastal Communities without road connections to larger community highway network~~

~~b. Coastal communities adjacent to salt water~~

~~c. Communities within 10 miles of the Gulf Coast~~

~~Option 3. Economy (based on all fish)~~

~~a. GOA fisheries dependant communities defined as communities with a range of greater than 10-30% of their base industry economy is harvesting or processing related. (includes all fisheries)~~

~~\$? Existing data sources do not have information on industry expenditures on a community by community basis, nor the baseline economic data to determine the overall economy on an individual community basis. Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources..~~

~~b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)~~

~~c. All GOA communities~~

? Staff suggests using the eligibility criteria similar to that previously adopted by the Council for allowing the purchase of halibut/sablefish quotas by communities (42 GOA communities would qualify) or clarify why the same standards should not be used. Clarify definition of "historic participation."

Communities eligible to participate in this program would need to meet all of the following criteria: (a) have a population of less than 1,500 based on the 2000 United States Census; (b) have direct saltwater access; (c) lack direct road access to communities greater than

1,500; (d) have historic participation in the groundfish fisheries; and (e) be specifically designated on a list adopted by the Council and included in this proposed rule.

Issue 3. Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

Issue 4. Allocation

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC
- Option 4. 20% of annual TAC

Issue 5. Harvesting of Shares

- Option 1. Limited to residents of eligible communities that own their vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares

Issue 6. Use of Revenue

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.

\$ Use of revenue by communities is being reviewed under the CDQ Program. NMFS staff will provide additional information on this review and its potential implications for this provision at future meetings.

Option 3. Community Purchase Program

Eligible communities.

~~Option 1. Population:~~

- ~~a. Less than 1,500 residents~~
- ~~b. Less than 2,500 residents~~
- ~~c. Less than 5,000 residents~~
- ~~d. Less than 7,500 residents~~

~~Option 2. Geography~~

- ~~a. Coastal Communities without road connections to larger community highway network.~~
- ~~b. Coastal communities adjacent to salt water~~
- ~~c. Communities within 10 miles of the Gulf Coast~~

~~Option 3. Economy (based on all fish)~~

- ~~a. GOA fisheries dependant communities defined as communities with a range of greater than 10-30% of their base industry economy is harvesting or processing related. (Includes all fisheries)~~
 - ~~b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (Includes all fisheries)~~

~~c. All GOA communities~~

? Staff suggests using the eligibility criteria similar to that previously adopted by the Council for allowing the purchase of halibut/sablefish quotas by communities (42 GOA communities would qualify) or clarify why the same standards should not be used. Clarify definition of “historic participation.”

Communities eligible to participate in this program would need to meet all of the following criteria: (a) have a population of less than 1,500 based on the 2000 United States Census; (b) have direct saltwater access; (c) lack direct road access to communities greater than 1,500; (d) have historic participation in the groundfish fisheries; and (e) be specifically designated on a list adopted by the Council and included in this proposed rule.

Option 4. Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT QS and holds these shares in trust for the communities, processors and crew members in the region to use as leverage to mitigate impact directly associated with implementation of a rationalization program.

Issue 1. QS Distribution

10-30 % of the Harvester QS shall be originally ~~issued to~~ reserved for GOA CIFT associations. This QS will be a pool off the top before individual distribution of QS.

Issue 2. CIFT Designation

Option 1. One CV CIFT for entire GOA (exclude SEO)

Option 2. Regional CV CIFTs :

~~Suboption 1-~~ Central GOA (Kodiak, Chignik)

~~Suboption 2-~~ Western GOA

~~Suboption 3-~~ North Gulf Coast (Homer to Yakutat)

Option 3. CP-based CIFT

\$ ~~Defer remaining issues to a trailing amendment~~

Option 5. Community Protection under Processing Shares

- This option should be moved under Alternative 4.

Option 1.

a) Processing allocations will have community designations

b) Processing can leave a community only with agreement of the community.

\$ Clarify how this mechanism would be implemented. Is this the same as the first right of refusal mechanism under the crab rationalization program? Define “agreement of the community.”

c) Allocations will be designated for a community, only if the total designated processing to the community exceeds 0 percent to 8 percent

d) By TAC area for Central, Western and West Yakutat:

1. pollock

• TACs are set for Areas 610 (W), 620, 630 (C), 640 (WY), and 650 (SEO)

2. Pacific cod

- TACs are set for Areas 610 (W), 620, 630 (C), 640 = 650 (E)

By Central, Western, and West Yakutat area for:

1. all species of Rockfish combined

- some rockfish TACs are set by W, C, and Eastern area or WY and SEO areas.

2. flatfish species of Flatfish combined

- flatfish TACs are set by W, C, and Eastern area or WY and SEO areas.

~~3.~~

- Option 2. Communities will be allowed to buy processing history -- First right of refusal for communities for all processing history designated for that particular community that is sold to entities outside the community.

\$ All other references to “first right of refusal” mechanisms were removed from the draft alternatives during the April 2003 Council meeting. Clarify Council intent regarding its application here

- Option 3 Community designation of processing history will apply only for communities that are defined as fishery dependent.

\$ Staff will analyze proxies for fishery dependence.

- Option 4. Processing can leave the fishery dependant community only with agreement of the community.

\$ Clarify Council intent regarding first right of refusal application.

Element 10. PSC Crab, Salmon, and Other Species (Excluding Halibut)

Prepare a discussion paper to describe processes currently underway to address bycatch of salmon, crab and herring and other forage fish species (including FMP amendments and PSEIS options for crab bycatch). The paper should (1) provide timelines and how they relate to the GOA rationalization timeline; (2) describe fishery, survey, and habitat data sources that will be used. Based on the recommendations in the paper, the Council would determine if (1) existing processes are sufficient or if some measures need to be more closely linked to rationalization decisions, and (2) if other or additional management approaches are appropriate to include in a rationalized fishery in a trailing amendment.

\$ In February 2003, the Council's motion directed staff to prepare a discussion paper on PSC species, but did not identify a delivery date. This discussion will be prepared as a necessary component of the EIS analysis. Clarify whether this analysis can be incorporated within the SEIS or should be developed as a separate discussion paper

Element 11. Review and Evaluation

- Staff recommends inserting the following text adapted from the crab rationalization preferred alternative:

Issue 1. Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

Issue 42. Review

Evaluate the results of programs based on overall GOA rationalization objectives and make adjustments to the program using a “drop through” system (adapted from the Australian drop-through system described in *Sharing the Fish*, p. 150).

Initially allocated quota shares are Series A shares. Series A shares are available each year for:

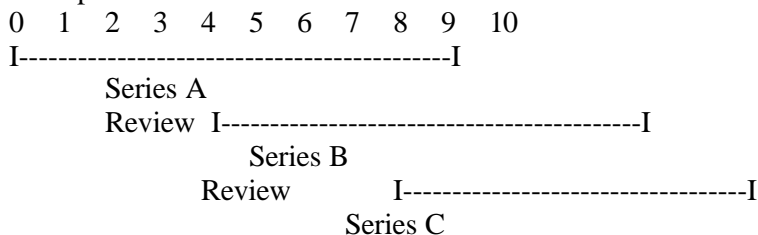
- Option 1. 5
- Option 2. 7
- Option 3. 10
- Option 4. 20 years

At the 3, 5, 7, 10-year mark, there would be an evaluation of the program’s performance compared to the rationalization objectives. If the evaluation identifies changes needed in the program to better achieve the objectives, those changes are made. Quota shares become Series B shares with use privileges extended for another 5, 7, 10, or 20 years. A quota share holder may choose not to change, but there would be a 10-20% reduction in that quota share and it would continue at the lesser amount. The drop through system applies to any quota share based program with or without cooperatives.

Issue 23. Evaluation

- Option 1. for the remainder of the use period
- Option 2. at the end of the use period

Example for a 10-Year Series



The review would be based on quantitative goals where they exist or qualitative expectations consistent with the program objectives.

The drop through system allows the fleet time fishing under a rationalized program to demonstrate progress.

If the Council wants to phase in particular elements into the program, the drop through allows time for industry to prepare or adjust to those changes.

- Clarify whether the standards to evaluate this program are individual or fleet-wide.
- Clarify whether the rationalization program is ended if the standards are not met, or if the evaluation provides an opportunity to modify the program. If the latter, clarify the evaluation procedures and appeal rights (this is likely to be a very complex program element that requires substantial administration and definition; it cannot be analyzed without the identification of a specific program).

- Clarify whether the following language adapted from the crab rationalization preferred alternative adequately meets the need for evaluation and replace the above language:

RAM Division will produce annual reports regarding data being gathered with a preliminary review of the program at 3 years.

Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

Issue 34. Sunset

The program would sunset unless affirmative action to continue or amend the program is taken by the Council 6 months prior to the sunset date. The decision of whether to continue or amend would be based on an evaluation of the program's performance compared to its objectives.

- Option 1. 5 year after fishing under the program
- Option 2. 7 year after fishing under the program
- Option 3. 10 year schedule after fishing under the program

- Clarify the intent of "affirmative action."
- Upon review of the program (but without an analysis), would a Council vote on maintaining the program meet the intent of affirmative action, or would an EA/RIR/IRFA be required.
- The Council could use language to keep the program in place unless a vote to end the program was taken (sunset of a rationalization program removes the predictability necessary for participants to make decisions)
- Should an option for not having a sunset be added to this option?

Element 12. Sideboards

Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI groundfish fisheries.

- Includes SEO

**ALTERNATIVE 2. ~~HARVEST SHARE QUOTA SHARE BASED~~ PROGRAM,
SUBALTERNATIVE 2: HARVESTER ONLY ~~QS SHARE~~ PROGRAM WITH A COOPERATIVE.**

**ELEMENTS 1 – 11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2,
SUBALTERNATIVE 1 ARE INCLUDED.**

Option 1. Harvester only (1-Pie) Cooperatives

Suboption 1. IFQ Holder Cooperatives

1. Co-op formation is voluntary
2. Allocation of IFQ is determined under Alternative 3, Subalternative 1
3. Co-ops can be formed between:
 - a. Eligible Harvesters only
 - b. Harvesters and a Processor
 - i. At least 4 harvesters none of whom are owned by the co-op processor (using the 10% ~~threshold~~ rule)
 - ii. Processors can ~~join-associate with~~ more than one co-op each comprised of 4 or more harvesters none of whom are owned by the co-op processor (using the 10% ~~threshold~~ rule)
 - iii. Processors are limited to 1 co-op per plant for each specific gear type
 - c. CVs and CPs
 - i. Cooperatives will be segregated into CVs and CPs ~~and offshore cooperative.~~
 - ii. Cooperatives will not be segregated into CVs and CPs ~~CPs groupings and cooperatives.~~
4. Eligible processors are any legally licensed processing facility
5. Set co-op use caps at 30% of total TAC by species
6. Vessel use caps would be set at 1.5-2 X the individual cap if participating in the co-op and grandfather initial issues at their initial allocation
 - ~~above range conflicts with Element 3, Issue 3, Option 6 (=2%)~~
7. Overage and underage limits would be applied in the aggregate at the co-op level
8. Monitoring and enforcement requirements would be shared by co-op
9. Annual IFQ permit would be issued to the co-op
10. Duration of cooperative agreements
 - a. 1 year
 - b. 3 year
 - c. 5 year
11. Vessels (Steel) and LLPs used to generate IFQs used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments
12. Co-op allocations. Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of target species, non-target species and halibut mortality, as may be adjusted by interco-op transfers. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops

may penalize or expel members who fail to comply with their membership agreement.

Suboption 2. Mandatory Co-ops (*includes all co-op formation provisions from Suboption 1. Voluntary Co-ops, with the following additional provisions*)

1. Co-ops must be formed before any QS is allocated as IFQ (a harvester can only receive an allocation of IFQ by joining a cooperative).
2. CPs would be allowed to form a sector co-op which does not need to meet conditions 3-8 below.
3. Allocation of IFQ to harvesters who elect to join a co-op is determined under Alternative 3, Subalternative 1.
4. Allocations to Co-ops will only be made under the following conditions:
Required Co-op agreement elements:
Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite. This co-op agreement must contain:
 - 1) A price setting formula for all fish harvested by the co-op
 - 2) A fishing plan for the harvest of all co-op fish
5. Eligible harvesters who are also eligible processors cannot participate in price setting negotiations. A 10% ownership trigger will be used to determine the linkage between the harvester and the processor.
6. Eligible harvesters who are also eligible processors must participate in the co-op. A 10% ownership trigger will be used to determine the linkage between the harvester and the processor.
7. Harvesters must declare prior to fishing which Co-op they will deliver to in a given year.
 - 1) No penalty for moving between co-ops year to year
 - 2) A one year 10-20% penalty each time a harvester moves to a different co-op. There shall be a limit on the voluntary migration of harvesters from co-op to co-op such that no co-op loses more than 20% of its annual allocation in any single year
8. Ownership and Usage of Co-op allocations
 - a. At least 20% of the harvester allocation share owned by the co-op processor **-owned** vessels must be available for lease to other co-op harvesters, at prevailing market lease rates.
 - b. No mandatory leasing provision
9. QS holders that do not choose to join a co-op
 - a. May fish in open access
 - b. Are not allowed to participate in the rationalized fisheries until they join a co-op

ALTERNATIVE 2. HARVEST SHARE ~~-QUOTA SHARE BASED~~ PROGRAM,

MOVE SUBALTERNATIVE 3. SECTOR ALLOCATION PROGRAM WITH COOPERATIVES INTO SUBALTERNATIVE 2 OF ALL ALTERNATIVES.

Currently a Catcher/Processor sector allocation subalternative is listed as a separate subalternative. Staff strongly recommends moving this decision point into subalternative 2 under Alternatives 2, 3, and 4. Additional streamlining of elements and options may result.

Management Areas, Gear, Elements 1: Qualifying periods, and 2: Qualifying landing criteria, of Alternative 2, Subalternative 1 apply throughout.

Element 3. SECTOR IDENTIFICATION

The following sectors are eligible to receive a sectoral allocation by area:

- Option 1. CP Trawl
- Option 2. CP Longline
- Option 3. CP Pot

Element 4. Target Species

As listed in Alternative ~~32~~, Subalternative 1, Element 3, Issue 1 – a, b, c and Issue 3, Option 1, 9, and 11.

Element 5. Bycatch Species

As listed in Alternative 2, Subalternative 1, Element ~~6-4~~

Option 1. Allocation of quota shares.

- a) Allocate quota to all sectors based on sector bycatch rates.

Suboption 1. Based on average catch history by area and target fishery

Suboption 2. Based on 75th percentile by area by target fishery

- b) Allocation will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.

Suboption. Other rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

Option 2. Retain these species on bycatch status for all sectors with current MRAs.

Element 6. PSC Species

Issue 1. Accounting of Halibut Bycatch

Halibut bycatch would be managed by NMFS at the sector level.

Issue 2. Halibut PSC Allocation

Option 1. Initial allocation based on sector average bycatch rates for the qualifying years.

Option 2. Allocations will be adjusted pro rata to equal the existing PSC.

Element 7. Underutilized Species

Underutilized unallocated species are available for harvest by any sector with sufficient PSC and bycatch to prosecute the fishery, once that sector's allocation of that underutilized species has been used.

Element 8. Communities

As in Alternative 2, Subalternative 1, Element 9, ~~Option 1 (Regionalization), Issues 1 (Regional Areas) and 2 (Qualifying Years)~~, and Option ~~3-2~~ (Community Fisheries Quota).

- Option 1, Issues 1 and 2 do not apply to CPs because they specifically refer to shorebased processing shares. The end of this section specifically says "Catcher processor shares and underutilized species are not subject to regionalization."

Element 9. Review and Evaluation

Issue 1. Review

Evaluate the results of program based on overall GOA rationalization objectives.

Issue 2. Sunset

Add per Alternative 2, Subalternative 1.

Element 10. Sideboards

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI groundfish fisheries.

Element 11. Cooperatives

- Members of a sector may choose to form a cooperative with a civil contract to manage harvest levels and other issues as determined by agreement of the cooperative.
- NMFS will allocate quota to the cooperative based on the aggregate historical catch of target, bycatch and PSC species.
- Cooperative will be responsible for managing the aggregate catch of the cooperative so as not to exceed the cooperatives allocation of target, bycatch and PSC species.
- Vessels that choose not to participate in the cooperative are allocated the remaining sectoral TAC, bycatch and PSC allocations after deduction of the cooperative allocation and any other sector-wide deductions.
- NMFS may establish a minimum level of cooperative membership by sector
 - Option 1: Minimum number of license holders
 - Option 2: Minimum percentage of catch history

Issue 1. Co-op participation

Option 1. Co-ops are voluntary

Suboption 1. Co-op may be formed upon agreement of 100% of sector (AFA Offshore type co-op)

Suboption 2. One or more co-ops may form per sector ~~(may allow more than 1 co-op)~~ upon agreement of a minimum percentage (50, 75, 80%) of:

- a. ~~Require a minimum percentage (50—75 and 80%) of~~ eligible vessels in order to form co-op(s)
- b. ~~Require a minimum percentage (50—75 and 80%) of~~ catch history in order to form co-op(s)

Option 2. Co-ops can be comprised of one sector/gear type only

Option 3. Co-ops from different gear groups may enter into inter-co-op agreements.

Issue 2. Co-op Allocations

Option 1. Co-op allocations will be based on same formula as used for sectoral allocations

Issue 3. Open Access

Option 1. Any vessels that do not want to enter into co-op agreements will fish in open access. The aggregate catch history from non-participating vessels, based on same qualifying years, will go into the open access pool.

ALTERNATIVE 3. ~~HARVEST SHARE HARVESTER QS~~ WITH CLOSED PROCESSOR CLASS SUBALTERNATIVE 1 HARVESTER QS WITH CLOSED PROCESSOR CLASS

ELEMENTS 1–11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1 ARE INCLUDED. THIS APPLIES ONLY TO CV SHARES.

Element 12. Harvester Delivery requirements

50-90% of QS allocation will be reserved for delivery to the qualified closed trawl or fixed class processor. The other 50 -10% of QS allocation can be delivered to:

- i. any processor including CPs
- ii. any processor excluding CPs

Element 13. Closed Class Processor Qualifications

Option 1. To purchase groundfish must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the years

Suboption 1. 1995 – 1999.

Suboption 2. 1995 – 2001

Suboption 3. 1995 – 2002

a. Trawl eligible Processors

Suboption 1. 2000 mt

Suboption 2. 1000 mt

Suboption 3. 500 mt

b. Fixed gear eligible Processors

Suboption 1. 500 mt

Suboption 2. 200 mt

Suboption 3. 50 mt

- c. Trawl and Fixed gear eligible processors
 - i) Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above
 - ii) Total catch - Trawl and fixed catch combined
 - Suboption 1. 2,500 mt
 - Suboption 2. 1,200 mt
 - Suboption 3. 550 mt
- d. Processors are defined at:
 - Suboption 1. Processors are defined at the entity level
 - Suboption 2. Processors are defined at the plant level
- Option 2. Processor licenses would be issued to
 - Suboption 1. Operator – must hold a federal or state processor permit.
 - Suboption 2. Custom processing history would count for purposes of limiting
 - Suboption 3. Facility owner
- Option 3. Transferability of eligible processor licenses
 - Processor licenses can be sold, leased, or transferred.
 - Suboption 1. Within the same community
 - Suboption 2. Within the same region
- Option 4: Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed), by CGOA and WGOA regulatory areas:
 - Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor
- Option 5. Processing Caps may apply at:
 - Suboption 1. the facility level
 - Suboption 2. the entity level

ALTERNATIVE 3. HARVEST SHARE ~~HARVESTER QS~~ WITH CLOSED PROCESSOR CLASS |
SUBALTERNATIVE 2 - HARVESTER QS WITH CLOSED PROCESSOR CLASS COOPERATIVE

ELEMENTS 1 –11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 3, SUBALTERNATIVE 1 ARE INCLUDED. THIS APPLIES ONLY TO CV SHARES.

- Option 1. Same provisions as Alternative 2, Subalternative 2, Option 1, Voluntary Cooperatives
- Option 2. Same provisions as Alternative 2, Subalternative 2, Option 2, Mandatory Cooperatives

Element 12. Closed processor class cooperatives

- Issue 1. Co-op delivery provisions.

50-90% of the co-op allocation will be delivered to their linked trawl or fixed *gear* processor (see vessel – processor linkage below). The remaining 50 -10% can be delivered to any qualified closed class processor of the same type

Issue 2. Initial Co-op allocations.

- Option 1. Each harvester is eligible to join a co-op with a qualified fixed *gear* or trawl closed class processor.
- Option 2. Each harvester is initially eligible to join a co-op with the qualified fixed *gear* or trawl closed class processor to which the harvester delivered the largest amount of groundfish during the year prior to implementation.
- Option 3. Each harvester is initially eligible to join a co-op formed with the qualified fixed or trawl closed class processor in *to* which the harvester delivered the largest amount of groundfish during the last [1, 2, or 3] years of the harvester allocation base period. If the processor with whom the harvester is eligible to form a co-op is no longer operating, the harvester is eligible to join a co-op with any qualified processor.
 - i. Largest amount by species groupings (rockfish, flatfish, pollock, cod)
 - ii. Largest amount by aggregate

ALTERNATIVE 4, HARVESTER AND PROCESSOR ~~Quota~~-HARVEST SHARE PROGRAM (2-PIE)

CLARIFY WHETHER SUBALTERNATIVE 1 (FOR A HARVEST SHARE PROGRAM WITHOUT A COOPERATIVE) UNDER ALTERNATIVES 2 AND 3 SHOULD BE INCLUDED HERE. IF NOT, WHY ARE THE SUBALTERNATIVES NOT UNIFORM ACROSS ALL ALTERNATIVES?

SUBALTERNATIVE 1, VOLUNTARY CO-OP WITH ALLOCATED IFQ/IPQ

ELEMENTS 1–11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1, ARE INCLUDED.

Element 12. Processing Sector– Applicable to Two pie (IFQ/IPQ) Cooperatives

Catcher Processor QS would be for all gear types & vessel class.

Binding Arbitration process, for failed price negotiation, between fishermen and processors.

Processor Purchase Requirements. Any processor within any Gulf community can buy IPQ shares from the Catcher processor sector.

Issue 1. Eligible processors

- Option 1. U.S. Corporation or partnership (not individual facilities)
 - Suboption 1. owner
 - Suboption 2. operator – must hold a Federal or State processor permit
 - Suboption 3. custom processor
- Option 2. Individual processing facility by community
 - Suboption 1. owner
 - Suboption 2. operator - must hold a Federal or State processor permit
 - Suboption 3. custom processor
- Option 3. Processed Groundfish for any Groundfish fishery in the rationalization program for

- Suboption 1. 2000 or 2001
- Suboption 2. Any year 1998-2002
- Suboption 3. 2001 or 2002

Issue 2. Categories of Processing Quota shares

- Option 1. Target Species (Species where there is a significant historical processor participation)
Area 610 pollock, Area 620 pollock, Area 630 pollock, WGOA Pacific cod, CGOA Arrowtooth flounder, CGOA Flatfish (excludes Arrowtooth flounder), CGOA POP, CGOA Pelagic Shelf Rockfish & Northern rockfish (combined), CGOA Pacific cod (inshore), WY Pollock
- Option 2. Non-target Species (Species on Bycatch status throughout the year (e.g., Sablefish – trawl, Other rockfish, thornyhead, shortraker/rougheye).
 - Suboption 1. Allocate IPQ shares based on the Fleet bycatch rates by gear:
 - a. based on average catch history by area and target fishery
 - b. based on 75th percentile by area by target fishery
 - Suboption 2. Exclude non-target species from IPQ awards
- Option 3. Regional categories – processing quota shares will be regionalized by species grouping as shown in the regionalization section if regionalization is adopted.
- Option 4. C/P will be issued C/P QS which combines the privilege of catching and processing product.

Issue 3. Qualifying periods

- Option 1. 95-01 (drop 1 or 2)
 - Option 2. 95-2000 (drop 1 or 2)
 - Option 3. 98-01 (drop 1)
 - Option 4. 95-2002 (drop 1 or 2)
- The following applies to all options:
Suboption. Exclude 2000 for pot gear Pacific cod

Issue 4. Percentage of season's TAC for which IPQs are distributed:

- Option 1. 100%
 - Option 2. 90% - the remaining 10% would be considered open delivery.
 - Option 3. 80% - the remaining 20% would be considered open delivery.
 - Option 4. 50% - the remaining 50% would be considered open delivery.
- The following applies to all suboptions:
Processors that receive IPQ awards will be allowed to buy open access fish.

Issue 5. Processing Shares Cap categories:

- Option 1. Applied by species groupings – Pollock, Pacific cod, Flatfish (excludes Arrowtooth), and rockfish.
- Option 2. Applied to all groundfish species combined

Issue 6. Ownership Caps on Processing Shares

- Option 1. Maximum share allocation in the fishery
- Option 2. Maximum share allocation in the fishery plus 5%
- Option 3. Maximum share allocation in the fishery plus 10%
- Option 4. Maximum share allocation in the fishery plus 15%
- Option 5. Select a cap between the average and maximum allocation with initial allocations grandfathered

Issue 7. Use Caps: may select different options depending on sector, gear, etc.

- Annual use caps on a company (facility) basis of
- Option 1. 30 percent to 60 percent of the TAC
- Option 2. The largest IPQ holding in the fishery at the time of initial allocation
- Option 3. Custom processing will be allowed
 - a) subject to use caps
- Option 4. No use caps in the event of a catastrophic event.
- Option 5. Emergency transfers of IPQ for weather conditions.
- Option 6. Vessel overages of QS not counted toward IPQ use caps.

ALTERNATIVE 4, HARVESTER AND PROCESSOR ~~QUOTA~~ HARVEST SHARE PROGRAM (2-Pie) SUBALTERNATIVE 2: MANDATORY CO-OP WITH ALLOCATION OF IFQ/IPQ

ELEMENTS 1–11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1 AND OPTIONS 1 – 11 OF ALTERNATIVE 4, SUBALTERNATIVE 1 (FOR PROCESSORS) ARE INCLUDED.

Elements from Alternative 3, Subalternative 2, Options 1 and 2 for voluntary and mandatory co-ops are also included.

TRAILING AMENDMENTS

1.Fee and Loan Program

2.Skipper/Crew Share Program issues:

1. For captains who died from fishing related incidents, recency requirements shall be waived and the allocation shall be made to the estate of that captain. All ownership, use, and transfer requirements would apply to shares awarded to the estate.
2. QS based on landings (personal catch history based on ADF&G fish tickets or other verifiable source) using harvest share calculation rule. Captain with C/P history shall receive C/P captain QS at initial issuance.
3. QS may be purchased only by persons who are US citizens who have had at least 150 days of sea time in any of the US commercial fisheries in a harvesting capacity.
4. An “active participant” is defined by participation as captain or crew in at least one delivery in a groundfish fishery included in the rationalization program in the last 365 days as evidenced by ADF&G fish ticket, affidavit from the vessel owner or other verifiable source.
5. Captains QS are leasable for the first three years after program implementation.
6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of captain quota shares may lease QS, upon documentation and approval, (similar to CFEC medical transfers)

- for the term of the hardship/disability or a maximum of 2 years.
7. A low-interest rate loan program consistent with MSA provisions, for skipper and crew purchases of QS, shall be established for QS purchases by captains and crew members using 25% of the Groundfish IFQ fee program funds collected. These funds can be used to purchase shares. Loan funds shall be accessible by active participants only. Any shares purchased under the loan program shall be subject to any use and leasing restrictions applicable (during the period of the loan). National Marine Fisheries Service (NOAA Fisheries) is directed to explore options for obtaining seed money for the program in the amount of \$250,000 to be available at commencement of the program to leverage additional loan funds
 8. Shares shall be a separate class of shares and not be subject to share delivery requirements
 9. Holders of captain QS or qualified lease recipients are required to be onboard vessel when harvesting IFQ
 10. Captain QS ownership caps for each species are the same as vessel caps for each species
 11. Use caps on IFQs harvested on any given vessel shall not include captain QS in the calculation

Issue 1. Eligibility is determined by:

- Option 1. on an area specific fishery by fishery basis by having at least 1 to 4 landings in the qualifying years used by the vessels, and having recent participation in the area specific target fishery as defined by at least one landing per year in the fishery in the last two seasons prior to June 10, 2002
- Option 2. determined on an area basis only

Issue 2. Qualification period, (same as with vessels – Element 3).

- Option 1. 95-01 (drop 1 or 2)
- Option 2. 98-01 (drop 1)
- Suboption: 98-02 (drop 1)
- Option 3. 95-2002 (drop 1 or 2)
- Option 4. 95-97
- The following applies to all options:
- Suboption. Exclude 2000 for pot gear Pacific cod

3.Remaining issues of CIFT program

Issue 3. Allocation of QS to CIFT

- Option 1. Equal split between CIFTs
- Option 2. Proportional split based on Landings
- Option 3. Proportional split based on TAC in Region

Issue 4. Governing body

The CIFT is a non-profit corporation governed by a Board of Directors comprised of representatives of classes of stakeholders identified as groups A,B,C,D,E, below. The Board of Directors will have the responsibility of the corporation and file a report with the State of Alaska for oversight and final approval by the Council.

Elected by a vote of the stakeholders in each group (A,B,C,D,E)

Terms of office for stakeholder representatives of group(A,B,C,D,E)

- a. 1 year
- b. 2 years
- c. 3 years
- d. Set in By-Laws or Articles of Incorporation

Groups of stakeholders

A) Processor:

Option 1. Closed Class

Suboption 1. To participate the processor must have processed a minimum amount of groundfish as described below in at least 4 of the years

- a. 1995 – 1999.
- b. 1995 –2003
- c. With one qualifying year during the period of 2000 to 2003

Suboption 2. Trawl eligible Processors

- a. 2000 mt
- b. 500 mt

Suboption 3. Fixed eligible Processors

- a. 500 mt
- b. 200 mt
- c. 50 mt

Option 2. All processors in CIFT area

B) Community Large:

Population:

- a. > or = to 1,500 residents
- b. > or = to 2,500 residents
- c. > or = to 5,000 residents

C) Community Small:

Population:

- a. < 1,500 residents
- b. < 2,500 residents
- c. < 5,000 residents

D) Crew: Must hold current crewman's license

Option 1. Documentation of participation in any GOA groundfish fishery. Crewman's License for each year and one of the following: fish ticket, 1099, affidavit from captain or owner of vessel.

- a. 1 of 5 recent seasons
- b. 2 of 5 recent seasons
- c. 3 of 5 recent seasons
- d. 4 of 5 recent seasons

E) Other Stakeholders:

Option 1. Elected by majority of other group representatives A-D

- a. Nominated by any nonprofit organization
- b. Nominated by any organization
- c. Any individual

Option 2. Elected by majority of member organizations of stakeholders group (E).

- a. Groups are selected by representatives A-D
 - b. Group types are designated i.e. School Board, Conservation, Processing workers, GOA QS owners
 - c. To be determined by CIFT Articles of Incorporation
 - d. To be determined by CIFT By-Laws
- Note: Groups B and C may be combined to one (BC) if only one class of communities exist in CIFT region

F) CP stakeholders are elected by a majority of CP QS owners

Issue 5. Fee Assessment

Option 1. CIFT may charge only a reasonable fee to cover cost of administering the proposal process. They may not lease, sell or charge royalties for their right to IFQ or Co-op catch history.

- a. Fixed fee to enter into contract
- b. Fixed fee to enter into a contract and fee collected with RAM fee based on Ex-vessel gross and passed through to CIFT.
- c. Fixed fee to enter into contract and fee collected by CIFT based on x % of the RAM fee charged to QS holders. X% will be determined to cover costs.
- d. To be determined by CIFT By-Laws

Option 2. Each CIFT must be a non-profit and have no ownership interest in any vessels or processing plants participating in the program.

Issue 6. Distribution of CIFT shares to QS share holder -- the intent is that the criteria developed by each sector shall focus on mitigating eimpacts directly associated with changes due to the QS program and other regional needs

Option 1. Governing Body Sectors (A, B, C, D as designated in Option 4 above) will be allocated X % of the CIFT to prioritize the criteria for issuing the CIFT IFQs.

		(A)	or	(B)	
Processors	(A)	16.6%		20.0%	of CIFT IFQ
Community Large	(B)	25.0%		20.0%	
Community Small	(C)	25.0%		20.0%	
Crews	(D)	16.6%		20.0%	
General	(E)	16.8%		20.0%	
TOTAL		100%		.100.0%	OF CIFT IFQ

Option 2. CP CIFT

CP rep	25%
CIFT rep	25%
Crew	25%
General	25%

Option 3. General (E) percentage of CIFT IFQ criteria will be developed by:

- a. Governing body (A-E as above)
- b. By group as determined in Option 4 E

Option 4. CIFT IFQ criteria will be developed by governing body as outlined in By-Laws.

Issue 7. Allocation Procedure

Option 1. Year 1 CIFT would determine criteria for distribution for year 2. Any QS holder that signs a contract to meet objectives of the CIFT will be granted CIFT IFQ for year 1. RAM will receive from CIFT authorization to include with its distribution of IFQ to qualified QS holders CIFT IFQ for year 1.

Year (n) the entities that meet the criteria set in the previous year's contract (n-1) will be eligible to receive CIFT IFQ for year n. RAM will receive from CIFT authorization to include with its distribution of IFQ to qualified QS holders CIFT IFQ for the next year. etc.

For those that have not completed their fishing season and documented their fulfillment of the contract terms by 15 November a subsequent distribution will be made by 1 March of the year the IFQ is valid. All documentation will be due no later than 15 January following the contract year.

Option 2. Contracts for IFQ are 2 years duration for performance and IFQ eligibility

Option 3. A 1 year delay between completion of contract and the Year the CIFT IFQ would be transferred i.e. contract year n CIFT IFQ distribution for year n+2.

Option 4 CIFT will use standard transfer process for IFQ.

Issue 8. QS acquisition:

CIFTs can purchase QS to increase the pool of IFQ it has to distribute to eligible QS holders.

Option 1. Debt Retirement for purchased QS

- a. Fees amortized over all IFQ distributed
- b. Fees amortized over IFQ corresponding to acquired QS (this may require a different criteria for distribution of these IFQ)

Option 2. The IFQ resulting from QS would have to meet CIFT requirements.

Option 3. The IFQ resulting from QS would not have to meet CIFT requirements.

Issue 9. Dispute Resolution

- a. Binding Arbitration procedure as part of contract
- b. Internal review with binding arbitration as appeal
- c. As per By-Laws
- d. Litigation

Issue 10. Oversight

The Board of Directors will have the responsibility of the corporation and file a report with the State of Alaska for oversight and final approval by the Council.

Oversight reports will be filed:

- a. Every year
- b. Every 2 years
- c. Every 3 Years
- d. Years 1,2,3 and every 2 years subsequently

Issue 11. Transfers of QS and IFQ

Option 1. QS initially issued to CIFT are non-transferable

Option 2. Shares purchased by CIFT

- a. Are non-transferable
- b. Are non-transferable after debt related mortgage is retired
- c. Is fully transferable
- d. As per By-Laws

Option 3. Rights to receive CIFT IFQ will follow QS

- a. All contract rights will be coupled to QS for future CIFT IFQ eligibility
- b. Rights to receive CIFT IFQ are severable from QS and are transferable

Option 3. Community Fisheries Quota (CFQ)

Issue 1. Administrative Entity

Option 1. Gulf wide administrative entity

Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)

